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LISTING STATEMENT NO. 2323

LISTED NOVEMBER 27, 1968
985,000 Common Shares without par value, of which 560,000 shares are subject to issuance.
Stock Symbol "PTE".
Post Section 4.4.
Dial Quotation No. 1595.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

C. A. PITTS ENGINEERING CONSTRUCTION LIMITED

Incorporated under the Laws of the Province of Ontario
by Letters Patent of Amalgamation dated December 31, 1965

CAPITALIZATION AS AT OCTOBER 7, 1968

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Class A Shares without par value	500,000	500,000	Nil
Common Shares without par value, of which 560,000 are subject to issuance	1,750,000	425,000	985,000
LONG TERM DEBT			
Non-interest bearing Debentures due 1968-69	\$750,000	\$750,000	Nil
Mortgage due 1970		\$ 19,586	Nil

NOTE: Particulars of the Share Capital and Long-Term Debt of the Company are shown in detail under the heading Capitalization, including notes appended thereto, on Page 10 of the prospectus referred to in paragraph 2 hereof.

1. APPLICATION

C. A. PITTS ENGINEERING CONSTRUCTION LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 985,000 Common Shares without par value in the capital of the Company of which 425,000 have been issued and are outstanding as fully paid and non-assessable. The remaining 560,000 Common Shares included in this application have been reserved as follows:

Underwriters' stock option at \$10.00 per share expiring November 5, 1969	10,000
Employees' stock option at 90% of Fair Market Value (of which 25,000 are allotted expiring April 9, 1974)	50,000
For issue upon conversion of outstanding Class A Shares	500,000
	560,000

2. REFERENCE TO PROSPECTUS

Reference is hereby made to the prospectus issued by the Company under date of November 5, 1968 with respect to the offering of 250,000 Common Shares of the Company (hereinafter called the "Prospectus"). A copy of the Prospectus is attached hereto and is hereby incorporated into and made a part of this application.

3. HISTORY, NATURE OF BUSINESS AND INCORPORATION OF THE COMPANY

A history of the Company, nature of its business and particulars of its incorporation are outlined on Page 3 of the Prospectus.

4. SHARE ISSUES SINCE INCORPORATION

(a) Common Shares Without Par Value

Date of Issue	No. of Shares Issued	Amount Realized Per Share	Total Amount Realized	Purpose of Issue
December 31, 1965	900	\$ 1.00	\$ 900.00	Conversion of part of authorized capital of Perlea Industrial Corporation Limited, one of the amalgamating companies from which the Company was formed.

4. SHARE ISSUES SINCE INCORPORATION (Continued)

(a) Common Shares Without Par Value (Continued)

<u>Date of Issue</u>	<u>Shares No. of Issued</u>	<u>Realized Amount Per Share</u>	<u>Total Amount Realized</u>	<u>Purpose of Issue</u>
December 31, 1965	1,000	\$ 1.00	\$1,000.00	Conversion of authorized capital of Surfrank Industries Limited, one of the amalgamating companies from which the Company was formed.

NOTE: By Supplementary Letters Patent dated October 7, 1968, the 1,900 issued Common Shares without par value in the capital of the Company were subdivided and reclassified into 400,000 Common Shares without par value and 500,000 Class A Shares without par value.

(b) 3% Non-Voting Non-Cumulative Redeemable Preference Shares with a par value of \$100

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Amount Realized Per Share</u>	<u>Total Amount Realized</u>	<u>Purpose of Issue</u>
December 31, 1965	2,500	\$100.00	\$250,000.00	Conversion of authorized and issued Preference Shares of Perlea Industrial Corporation Limited

NOTE: All of the 3% Non-Voting Non-Cumulative Redeemable Preference Shares have been redeemed and cannot be re-issued.

5. DIVIDEND RECORD

The Company has not paid any dividend on its shares.

6. PROPERTIES AND PLANT OF COMPANY AND SUBSIDIARIES

Particulars of the property and plant of the Company and its subsidiaries are outlined on Page 8 of the Prospectus.

7. SUBSIDIARY COMPANIES

See List of Subsidiary or Controlled Companies on Page 4.

8. OPTIONS

As described on Pages 11 and 12 of the Prospectus under the heading "Options To Purchase Securities", the Company has reserved 50,000 Common Shares for issue upon the exercise of stock options to employees, of which 25,000 have been allotted for issue pursuant to options exercisable prior to April 9, 1974 at the price of \$9 per share. As described on Page 12 of the Prospectus under the heading "Plan of Distribution", the Company has granted an option to Pitfield, MacKay, Ross & Company Limited and McLeod, Young Weir & Company Limited to purchase 10,000 Common Shares prior to November 5, 1969 at the price of \$10 per share.

9. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other stock exchange.

10. STATUS UNDER SECURITIES ACTS

The offer of 250,000 Common Shares without par value in the capital of the Company referred to in paragraph 2 hereof and in the Prospectus was qualified for sale to the public by October 21, 1968 in all Provinces of Canada.

11. FISCAL YEAR

The fiscal year of the Company ends on December 31st in each year.

12. ANNUAL MEETING

The By-laws of the Company provide that the annual meeting of the Company shall be held at such place in Ontario on such date in each year as the Board of Directors may determine from time to time. The last annual meeting was held on July 23, 1968.

13. HEAD OFFICE

The head and principal office is located at 30 Commercial Road, Toronto 17, Ontario, Canada.

New and Outstanding Issue



250,000 Common Shares
without par value

C. A. Pitts Engineering Construction Limited

The 250,000 Common Shares offered by this prospectus consist of 25,000 Common Shares which are being purchased from the Company and 225,000 Common Shares which are being purchased from a shareholder of the Company as set out under the heading "Plan of Distribution". The Company will not receive any part of the proceeds from the sale of the said 225,000 Common Shares being purchased from the selling shareholder.

An application has been made to list the Common Shares of the Company on The Toronto Stock Exchange. Acceptance of the listing will be subject to the filing of required documents and evidence of satisfactory distribution both within ninety days.

	Price to Public	Underwriting Discount(1)	Proceeds to the Company(2)	Proceeds to the Selling Shareholder(2)(3)
Per Share.....	\$10.00	\$0.60	\$9.40	\$9.40
Total.....	\$2,500,000	\$150,000	\$235,000	\$2,115,000

- (1) In addition, the Company has granted an option to the underwriters to purchase 10,000 Common Shares as referred to under the heading "Plan of Distribution".
- (2) Before deduction of expenses of issue estimated at \$40,000, of which \$14,000 is payable by the Company and \$26,000 is payable by the selling shareholder.
- (3) Less security transfer tax of 1¢ per share.

There is at present no market for the Common Shares of the Company, and the price for this offering was determined by negotiation between the Company, the selling shareholder and the underwriters.

We, as principals, offer these 250,000 Common Shares if, as and when delivered to and accepted by us, subject to prior sale and subject to the right to reject any application in whole or in part and to withdraw this offer at any time without prior notice. It is expected that definitive share certificates will be available for delivery on or about November 5, 1968.

**NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY
WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER
AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.**

PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The attention of purchasers in the Provinces of Alberta, Ontario and Saskatchewan of any of the securities offered by this prospectus which are offered in such Provinces is drawn to certain statutory provisions which permit such purchasers in certain events and subject to certain conditions

- (a) to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor or his agent not later than midnight on the second business day after the final prospectus or amended final prospectus is received or deemed to be received by the purchaser or his agent; and
- (b) to rescind the agreement of purchase by institution of legal proceedings within ninety days from the date of receipt or deemed receipt of the final prospectus or an amended final prospectus by the purchaser or his agent or the date of the agreement of purchase, whichever is later, if such prospectus or amended prospectus, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of such provisions is contained in Sections 63 and 64 of The Securities Act, 1967 (Alberta) and of The Securities Act, 1966 (Ontario) and in Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan).

The attention of purchasers in the Province of British Columbia of any of the securities offered by this prospectus which are offered in such Province is drawn to Sections 61 and 62 of the Securities Act, 1967 (British Columbia) which provide in effect that, where a security is offered to the public in the course of primary distribution,

- (a) a purchaser has the right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports, as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice; and
- (b) a purchaser has the right to rescind the agreement of purchase by institution of legal proceedings within ninety days from the date of receipt or deemed receipt of the final prospectus or an amended final prospectus by the purchaser or his agent or the date of the agreement of purchase, whichever is later, if such prospectus or amended prospectus, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

Reference is made to the last mentioned Act for the complete text of the provisions under which the foregoing rights are conferred.

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THE COMPANY

C. A. Pitts Engineering Construction Limited (the "Company") is engaged, directly and through five wholly-owned subsidiaries and an associated company, in the civil engineering construction industry. The Company and its subsidiaries, C. A. Pitts General Contractor Limited, C. A. Pitts Construction (Ontario) Limited, Pitts Quebec Limited, Construction Improvements Limited and Harco Construction Limited, together with its associated company Drake Construction Co. Ltd., constitute one of the large Canadian contractors engaged in the civil engineering construction industry and one of the few Canadian contractors equipped for and experienced in both land and marine engineering construction. The business carried on by the Company was founded in 1942. Combined gross revenues of Pitts have increased from approximately \$17 million in 1963 to approximately \$29 million in 1967, or approximately 71% during the five year period. Completed projects have included construction of some of Canada's largest and most sophisticated multi-level urban expressways and interchanges, subways, tunnels, pipelines, electric power and water treatment facilities and harbour improvements.

The Company is the corporation continuing from the amalgamation of Surfrank Industries Limited and Perlea Industrial Corporation Limited which were incorporated under the laws of Ontario on October 31, 1962 and April 15, 1963 respectively. The amalgamation was effected under the laws of Ontario by letters patent of amalgamation dated December 31, 1965. Supplementary letters patent were issued to the Company on September 15, 1966 changing its name from "C. A. Pitts Construction & Holding Limited" to its present name and on October 7, 1968 changing the capital of the Company as described in Note 1 under the heading "Capitalization". As used herein the term "Pitts" includes reference to the Company and all its subsidiary and predecessor companies and to Drake Construction Co. Ltd. from July 1, 1966 when it became associated with the Company as more particularly described under the heading "Associated Company".

The address of the Company's head and principal office is 30 Commercial Road, Toronto 17, Ontario.

THE CONSTRUCTION INDUSTRY

The construction industry is the largest industry in Canada and has accounted for nearly 20% of Canada's Gross National Product over the past ten years. The industry employs approximately 600,000 people on a year-round basis or approximately 8% of the total Canadian labour force.

The two main categories of the construction industry are residential and non-residential building, and engineering construction. The former category includes construction of housing and commercial, institutional and industrial buildings and the latter category comprises the construction of highways, railways, bridges, canals, airports, tunnels, subways, dams, irrigation projects, electric power developments, waterworks and sewage systems, oil and gas facilities and marine works.

According to the Dominion Bureau of Statistics over \$84 billion of construction has been completed in Canada from 1958 to 1967 inclusive as follows (stated in millions):

Years ended December 31	Engineering construction			Residential and non-residential building construction	Total Canadian construction
	Government(1)	Other	Total		
1958	\$ 993	\$ 1,998	\$ 2,991	\$ 4,102	\$ 7,093
1959	1,141	1,696	2,837	4,240	7,077
1960	1,184	1,651	2,835	4,051	6,886
1961	1,209	1,622	2,831	4,143	6,974
1962	1,156	1,597	2,753	4,543	7,296
1963	1,224	1,800	3,024	4,692	7,716
1964	1,313	2,142	3,455	5,179	8,634
1965	1,535	2,427	3,962	5,906	9,868
1966	1,765	2,811	4,576	6,661	11,237
1967(2)	1,711	2,953	4,664	6,859	11,523
Total	<u>\$13,231</u>	<u>\$20,697</u>	<u>\$33,928</u>	<u>\$50,376</u>	<u>\$84,304</u>
1968(3)	\$ 1,906	\$ 3,128	\$ 5,034	\$ 7,365	\$12,399

(1) Includes federal, provincial and municipal governments and agencies thereof.

(2) Preliminary figures.

(3) Estimates.

SOURCE—Dominion Bureau of Statistics Publication 64-201 entitled "Construction in Canada".

It is estimated by the Dominion Bureau of Statistics that in 1968 engineering construction will account for 40% of total construction activity in Canada and will probably show an increase of 7.9% over 1967.

OPERATIONS

Since 1942 Pitts has completed over \$300 million worth of engineering construction on its own account and has participated in a further \$330 million worth of work in joint venture projects of which its share was \$82 million. During this period its yearly work capacity for construction has grown from approximately \$2 million to approximately \$40 million. Of the \$300 million worth of engineering construction on its own account, \$114 million worth was completed during the last five years, and of its \$82 million share in joint venture projects, \$27 million was completed during the last five years.

Pitts' competitive position in the civil engineering construction industry is enhanced by its young but experienced management group, its diversified know-how in the more sophisticated areas of heavy construction activity, both land and marine, and its large construction and marine equipment fleet all of which have been developed and built up over the last 15 years.

Although Pitts has completed major projects in some of the more remote areas of Canada such as Frobisher Bay, Baffin Island, Labrador and northwestern Manitoba, its primary area of operations is the densely populated areas of southern Ontario and western Quebec, including particularly the Niagara Peninsula and the metropolitan areas of Toronto, Montreal, London and Ottawa where major long-term developments and rapid growth provide a continuing source of heavy engineering construction.

Over 85% of the work carried out by Pitts since its business was commenced in 1942 has been under contracts awarded to it by various levels of governments and their agencies, with natural resource industries accounting for most of the remainder.

By entering into joint ventures with other major Canadian and U.S. construction firms, Pitts is able to minimize its risks and to participate in larger projects which would otherwise be beyond its own resources. Since 1949 Pitts has managed 12 joint ventures and has participated in seven others. The names of some of these joint ventures are Pitts-Foley, Pitts-Atlas, Atlas-Dufresne-Pitts, Kettle Constructors and Churchill Constructors.

Among the major construction projects upon which Pitts has been or is engaged are the following:

Expressways

Pitts is one of Canada's foremost builders of multi-lane limited access expressways, having completed five sections, worth a total of \$20 million, of the elevated Gardiner Expressway along Toronto's waterfront and four sections, worth over \$20 million in the aggregate, of the Toronto by-pass section of the MacDonald-Cartier Freeway (Ontario Highway 401) which was widened in some places to 16 lanes. Pitts has completed other substantial contracts for the Ontario Department of Highways, including the three-level interchange of Highways 400 and 401 and the Highway 401-Don Valley Parkway interchange. In addition, Pitts has been awarded contracts for rebuilding two sections of the Queen Elizabeth Way and part of Highway 27 into a major interchange under contracts exceeding \$25 million. At the time of the award each of the above interchange contracts was the largest ever awarded by the Ontario Department of Highways.

In the Montreal area Pitts completed itself and in a joint venture more than \$20 million of work in connection with Expo '67 including a major part of the Bonaventure Expressway along the St. Lawrence River and the University Avenue underground traffic interchange.

Bridges

As one of the major builders of long-span high-level bridges over water, Pitts completed the substructures for two bridges in eastern Canada—the Sault Ste. Marie International Bridge over the St. Mary's River completed in 1962 at a cost of \$1.4 million, and the Cornwall-Massena International Bridge over the St. Lawrence River completed in 1960 at a cost of \$1.6 million.

Subways and Tunnels

Pitts had a 22.5% interest in the joint venture which constructed one-half of Canada's first rapid transit subway under Yonge Street in Toronto using the cut-and-cover method for the first time in Canada. This portion of the subway was completed in 1953 at a cost of approximately \$15.5 million. In 1965 Pitts completed two sections of Toronto's east-west subway, including three stations and the Rosedale Valley covered bridge, at a cost of approximately \$6.7 million.

Pitts also had a 10% interest in the \$50 million joint venture that completed the construction in 1954 of the tailrace tunnel (54 feet in outside diameter) at the hydro-electric power plant at Queenston, Ontario. In addition, Pitts had an 80% interest in the joint venture that completed the construction this year of the highway tunnel under the Welland Canal at Thorold, Ontario at a cost of \$18 million.

Railways

Pitts, in joint ventures, has been one of the major builders of railways in Canada, having completed the construction in 1953 of 150 miles of railroad for the Canadian National Railways from Sherridon to Lynn Lake in northern Manitoba and in 1960 of the 200 mile railroad from Port Cartier to Gagnon in northeastern Quebec. The latter required the construction of 5 major tunnels and 17 bridges, the moving of 12 million cubic yards of earth and over 5 million cubic yards of rock and the laying of track at the rate of a mile per day using a total work force of some 2000 men.

Locks and Dams

In 1942 Pitts was awarded its first contract which covered the rock excavation for the Aluminum Company of Canada's Shipshaw Dam at Arvida, Quebec. Since that time projects carried out by Pitts have included virtually every type of water control and power generating structure, including the construction of a major dam for Steep Rock Iron Mines Limited, a flood control dam for the Grand River Conservation Authority in southwestern Ontario, extensive works for the Ontario Hydro Electric Power Commission, two hydro-electric developments for Sherritt Gordon Mines Limited in northwestern Manitoba and extensive lock repairs and additions to the Welland Canal for the St. Lawrence Seaway Authority.

Pipelines

The 30-mile long 48 inch pressure type water line completed by Pitts in 1967 to bring water from Lake Huron to London, Ontario is the largest and longest of its kind ever built in Canada. In 1961 Pitts had also installed Canada's longest aluminum water line through 10 miles of permafrost from Churchill, Manitoba to an intake in the Churchill River.

The St. Lawrence Seaway

Building a total of 13 projects valued at some \$35 million, Pitts carried out the largest volume of construction work on the St. Lawrence Seaway of any individual Canadian contractor. This work included the excavation of earth and rock, dredging, railroad relocation, crushing stone and manufacturing sand, extensive dyking and the erection of a concrete closure structure that sealed in the head pond on the main power dam.

Expo '67

Pitts was responsible either itself or in joint ventures for 8 civil engineering projects, in which Pitts' participation amounted to about \$20 million, forming part of the International and Universal Exhibition ("Expo '67") in Montreal. These projects included the moving of some 6 million cubic yards of rock to form much of the Notre Dame Island, building the Mackay Pier, installing sewers and water mains, building the marina and constructing Expo's 14,000 car Victoria parking lot and certain site development throughout the fair area.

Far North

Since 1958 Pitts has carried out a broad programme of Arctic construction for both Canadian and U.S. government agencies. Contracts have included the construction of an aircraft refuelling base and townsite development at Frobisher Bay in the Northwest Territories, 5 ballistic missile early warning stations on the coast of Labrador and buildings, airfield facilities and runways at Goose Bay. To handle a continuing programme of work in the far north, Pitts maintains a permanent division at Goose Bay, Labrador which has constructed \$2.5 million worth of work during the past five years.

Hydro Electric Power Developments

Pitts is a partner in the joint venture known as "Kettle Constructors" that has been awarded a contract now totalling \$95 million for the construction of the Kettle Rapids power development in northern Manitoba. This contract includes the construction of a 3,800-foot long, 130-foot high concrete and earth-filled dam, as well as the power house, intake and spillways structures. Work at September 1, 1968 was 42% complete.

In July of this year Pitts joined the joint venture known as "Churchill Constructors" that has been awarded a \$46 million contract for the construction of the underground power house at Churchill Falls, Labrador by the Churchill Falls (Labrador) Corporation Limited. The total project at this site will comprise one of the world's largest hydro electric power developments.

Marine Work

Pitts is one of the few completely integrated Canadian contractors capable of handling all kinds of marine work including pile driving, construction of piers, docks, breakwater, water intakes, underwater drilling and blasting and earth and rock dredging services throughout the Great Lakes system. Among its major marine projects during the past five years have been harbour construction at Port Credit, the Mackay Pier in Montreal, docks for the Ontario Hydro Electric Power Commission at Sarnia and for the British American Oil Company at Clarkson and extensive breakwater construction for the Toronto Harbour Commission. During this same five year period Pitts has also carried out major dredging assignments at Toronto, Cornwall, Montreal, the Welland Canal, the St. Lawrence Seaway, Collingwood and other Great Lakes ports.

CONTRACTS

The following is a partial list of some of the major contracts awarded to and types of work completed by Pitts during the past 15 years or currently in progress. Values shown only include Pitts' share in the case of joint ventures:

<u>General Description</u>	<u>Number of Contracts</u>	<u>Pitts' Share of Total Contract Prices</u>
Special Projects		
St. Lawrence Seaway and Power Development	13	\$35,000,000
Ontario Highway 401 and Queen Elizabeth Way	12	55,000,000
Welland Canal and related projects	11	35,000,000
Gardiner Expressway (Toronto)	5	20,000,000
Expo '67 and related projects	8	20,000,000
Toronto Subway System	6	11,000,000
Arctic Military Bases and Ballistic Missile Warning Stations	13	30,000,000
General Projects		
Railroad Construction (365 miles)	5	35,000,000
Power and Dam Developments	12	80,000,000
Water Treatment and Sewage Projects	7	10,000,000
Dredging and Marine Works	15	20,000,000

The foregoing list of Pitts' share of total contract prices aggregates \$351 million of which \$171.2 million was completed or in progress during the past five years.

At September 1, 1968, Pitts was working on contracts under which its participation totalled approximately \$64 million as shown below. These contracts are included in work currently in progress referred to above.

<u>Owner and/or Location</u>	<u>General Description of Work</u>	<u>Total Contract Price</u>	<u>Participation of Pitts</u>	<u>Estimated Completion Date</u>	<u>Estimated Percentage Completed</u>
Manitoba Hydro Electric Power Commission, northern Manitoba	Hydro electric project	\$95,000,000	18%	1971	42%
Churchill Falls (Labrador) Corporation Limited.	Hydro electric project	46,000,000	14%	1972	—
Ontario Dept. of Highways, Highway 401 and Dixon Road.	Expressway	6,600,000	100%	1968	79%
Ontario Dept. of Highways, Queen Elizabeth Way and Highway 27.	Expressway and interchange	25,000,000	100%	1969	56%
Ontario Dept. of Highways, Highway 401 and Highway 27.	Expressway and interchange	2,000,000	100%	1968	55%
Welland Canal Relocation.	New canal	5,000,000	100%	1969	25%
Ontario Hydro Electric Power Commission, Sarnia, Ontario.	Coal dock	700,000	100%	1968	98%
Borough of Etobicoke, Ontario.	Road and bridge	1,000,000	100%	1969	—

Pitts' share of uncompleted work under these contracts totalled about \$34 million. Several of its current contracts are for portions of major projects in which Pitts anticipates further awards such as the relocation of the Welland Canal, extensions to Ontario Highway 401, the Queen Elizabeth Way and Ontario Highway 27 and the development of the hydro-electric power potential of the Nelson River in northern Manitoba and the Upper Churchill River in Labrador.

PROPERTY, PLANT AND EQUIPMENT

As at June 30, 1968 the construction and marine equipment owned by Pitts (excluding equipment owned in joint venture partnerships) had a net book value of \$2,910,906 after allowance for depreciation of \$2,255,748, and included 3 diesel tugs (including a 1000 horsepower tug), 7 scows (including two 700 cubic yard steel dump scows and a new 500 ton steel-spudded scow), 8 cubic yard and 6 cubic yard dredges, marine drills, cranes, pile hammers and other assorted marine equipment, 43 power shovels and mobile cranes from 5 to 55 tons capacity and crawler cranes up to 100-ton capacity, 25 rubber and crawler type front-end loaders, 35 bull dozers, 20 scrapers, 50 portable air compressors, 25 heavy rock trucks and over 125 other construction vehicles, special concrete finishers and conveyor systems and various other specialized and miscellaneous construction tools.

Pitts operates its own repair and machine shop from leased premises containing approximately 21,000 square feet in Leaside, Ontario. Customarily it repairs equipment during the height of the construction season and rebuilds and overhauls equipment during the off-season. This machine shop modifies existing equipment to suit a particular project and fabricates special forms and tools for a particular job. Pitts has pioneered the use of certain new equipment in Canada including large rock excavating equipment, twin engine scrapers, cableways, sonic pile hammers and special concrete bridge deck finishers.

ASSOCIATED COMPANY

Under an agreement dated June 30, 1966, Sydney Charles Cooper, the President of the Company, acquired from Johnson, Drake & Piper, Incorporated ("J.D.P."), a United States construction company, 22,390 of the 44,780 issued and outstanding redeemable preferred shares of the par value of \$10 per share and 125 of the 250 issued and outstanding common shares of the par value of \$100 per share of Drake Construction Co. Ltd. ("Drake") and an irrevocable option exercisable up to January 2, 1969 to purchase the remaining issued and outstanding preferred and common shares of Drake.

Under an agreement dated September 20, 1968, Mr. Cooper sold to the Company all of the shares in Drake which he had purchased under the agreement dated June 30, 1966 and his option under this same agreement for a consideration equal to the amount he had paid for the shares he had purchased and the agreement of the Company to pay to J.D.P. any balance of the purchase price for the shares he had purchased. Under a further agreement dated September 20, 1968, the Company and Mr. Cooper irrevocably agreed with National Trust Company, Limited, as trustee for the holders of Common Shares, to fully exercise by January 2, 1969 the option to purchase the remaining issued and outstanding preferred and common shares of Drake. The purchase price payable to J.D.P. under the agreement dated June 30, 1966 for all the issued and outstanding shares of Drake is in part determinable by operating results of Drake and other considerations, but in addition to the amount of \$128,524 paid to Mr. Cooper in reimbursement of the amount he had previously paid for the shares of Drake, the Company will be obliged to pay an amount not exceeding \$171,476.

Since July 1, 1966, the operations of Drake have been fully integrated with those of the Company and its subsidiaries.

CERTAIN FACTORS TO BE CONSIDERED

There are a number of substantial companies in the civil engineering construction industry in Canada which ordinarily compete with Pitts on a competitive bid basis. Bids are necessarily prepared by estimating costs to be incurred in the future, and if errors are made in bids or unforeseeable difficulties arise for which no contract provision is made, the cost estimates may prove insufficient and losses may be sustained. In addition, the construction industry by its very nature is cyclical, being dependant upon the general economic activity of the country, including availability of capital, and regional and seasonal fluctuations. However, it should be noted in connection with these factors that bids submitted by Pitts on jobs which entail a higher degree of risk customarily include a higher provision for profit or are carried out as joint ventures, and that the strong demand for increasing quantities of electrical energy and for improved transportation, water treatment and sewage facilities from congested Metropolitan areas over the last several years has greatly lessened the

cyclical nature of the heavy construction industry. Moreover, new technologies including improved methods of operation and accelerated scheduling have greatly increased winter activity and reduced the seasonal nature of the heavy construction industry.

Finally, it should be noted that prospective bidders for civil engineering construction work are, in most instances, required to furnish performance bonds and that the surety companies that furnish these bonds customarily limit the aggregate amount of the bonds that they will write for any one construction company or of any one group of construction companies to a multiple of its net assets. As Pitts' net assets increase, its capacity to obtain these bonds will likewise increase.

MANAGEMENT

Management Group

The management group of Pitts has been largely developed from within the organization and is composed of seven key personnel who have occupied various positions of increasing responsibility. Five of these key personnel are directors of the Company. The average age of the management group is 42 years and the average length of service with Pitts is over 14 years. The management group and senior employees of Pitts includes 16 professional engineers.

Directors and Officers

The names and home addresses in full of the directors and officers of the Company, the positions and offices held by each and the principal occupation of each during the past five years are as follows:

Name and Home Address	Office	Principal Occupation
Sydney Charles Cooper, P. Eng. 263 Dunvegan Road, Toronto, Ontario.	President, General Manager and Director.	President of the Company.
William Maxwell Bateman, P. Eng. ... 1284 Minaki Road, Port Credit, Ontario.	Vice-President, Chief Engineer ... and Director.	Vice-President and Chief Engineer of the Company.
Joseph Corti Boland, Q.C. 111 Sandringham Drive, Downsview, Ontario.	Vice-President (Administration), Secretary and Director.	Vice-President and Secretary of the Company.
James Donald Jarrell, B. Comm. 140 Inglewood Drive, Toronto, Ontario.	Treasurer, Comptroller and Director.	Treasurer of the Company since June 1968, prior to which he was chief financial officer of Perini Limited.
William Cruttenden Cole, P. Eng. ... 97 Lord Seaton Drive, Willowdale, Ontario.	Vice-President and Director.	Vice-President of the Company.
Allan Leslie Beattie, Q.C. 89 Douglas Drive, Toronto, Ontario.	Director.	Partner of the legal firm of Osler, Hoskin & Harcourt, Toronto, Ontario.
James Glenn Pickard. 100 Bayview Ridge Crescent, Toronto, Ontario.	Director.	Vice-President of Denison Mines Limited since June, 1965, prior to which he was Manager of Special Projects for that company.

Remuneration

The aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and senior officers of the Company for the fiscal year ended December 31, 1967 was \$227,600, for the eight months ended August 31, 1968 was \$103,347, and for the full year to end December 31, 1968 is expected to be approximately \$245,000.

Pension Benefits

The estimated cost to the Company and its subsidiaries in the fiscal year ended December 31, 1967 of all pension benefits proposed to be paid in the aggregate to the directors and senior officers of the Company under their normal pension plans in the event of retirement at normal retirement age, directly or indirectly, was approximately \$7,888.

CAPITALIZATION (1)

Designation of Securities	Authorized or to be authorized	Outstanding at June 30, 1968(1)	Outstanding at September 1, 1968	Outstanding as at September 1, 1968, after giving effect to this financing
Long Term Debt:				
Non-interest bearing Debentures due 1968-1969 (2) . .	\$750,000	\$750,000	\$750,000	\$750,000
Mortgage due 1970 (3)	—	\$19,586	\$19,586	\$19,586
Capital Stock: (4 and 5)				
Class A Shares without par value	500,000 shs.	500,000 shs. (\$1,055)	500,000 shs. (\$1,055)	500,000 shs. (\$1,055)
Common Shares without par value	1,750,000 shs.	400,000 shs. (\$845)	400,000 shs. (\$845)	425,000 shs. (\$235,845)

1. The above table gives effect to the issue of supplementary letters patent to the Company under date of October 7, 1968 subdividing the unissued common shares of the Company and subdividing and reclassifying the outstanding common shares of the Company as referred to in Note 8 to the Financial Statements on page 18. Before giving effect to the issue of such supplementary letters patent the authorized capital of the Company consisted of 600,000 common shares without par value of which 1,900 shares were issued and outstanding at June 30, 1968 and September 1, 1968.
2. These non-interest bearing Debentures, originally issued in December, 1963 in the aggregate principal amount of \$2,650,000 of which \$1,900,000 principal amount have been redeemed leaving the present balance which is repayable as to \$350,000 on December 1, 1968 and as to \$400,000 on March 15, 1969, are secured by a first fixed and specific charge on the construction equipment of the Company and its subsidiaries and a floating charge on the undertaking and the remaining property and assets of the Company and its subsidiaries.
3. Secured by a first charge on certain lands and buildings.
4. Reference is made to the heading "Options to Purchase Securities" on page 11 and to the sub-heading "Conversion Rights" appearing under the heading "Description of Class A Shares and Common Shares" on page 11.
5. The Class A Shares and Common Shares outstanding at June 30 and September 1, 1968 were issued for an aggregate consideration of \$1,900 and the Class A Shares and Common Shares to be outstanding after giving effect to this financing will have been issued for an aggregate consideration of \$236,900. In addition to these dollar values as at June 30, 1968, the Company and its subsidiaries had consolidated earned surplus of \$4,291,151.
6. Reference is made to Note 9 to the Financial Statements on page 19 for particulars of long term lease obligations of the Company.

DESCRIPTION OF CLASS A SHARES AND COMMON SHARES

A description in summary form of the preferences, priorities, rights, powers, privileges, limitations, conditions and provisions attaching to the Class A Shares and Common Shares is as follows:

Dividends

The holders of the Class A Shares are entitled to receive, if and when declared by the Board of Directors, non-cumulative preferential dividends of 1¢ per share in any calendar year, but shall not be entitled to receive any further dividends in any such calendar year until the holders of the Common Shares shall have received dividends aggregating 50¢ per share, at which time all further

dividends paid in any such calendar year shall be paid in equal amounts per share on all the Class A Shares and Common Shares.

Conversion Rights

Each Class A Share is convertible at the option of the holder into one (1) fully paid and non-assessable Common Share at any time after the earlier of October 31, 1971 or the time when the average of the annual consolidated net earnings per Class A Share and Common Share for any two successive fiscal years of the Company commencing on or after January 1, 1968 shall have exceeded \$2.00 per share. Consolidated net earnings for any fiscal year means the consolidated gross revenues of the Company and all its subsidiaries (including Drake Construction Co. Ltd.) for such fiscal year after deducting all applicable administrative, selling, operating, interest and other proper charges, allowances for depreciation, amortization, minority interests (if any), income taxes (including deferred income taxes) and dividends declared or paid on shares of the Company ranking prior to the Class A Shares and Common Shares, all as reported upon without material qualification by the auditors of the Company in accordance with generally accepted accounting principles, and annual consolidated net earnings per Class A Share and Common Share for any fiscal year shall be calculated by dividing consolidated net earnings for such fiscal year by the number of Class A Shares and Common Shares (as they are presently constituted) outstanding at the end of such fiscal year.

The provisions attaching to the Class A Shares provide that neither the Class A Shares nor the Common Shares of the Company are to be subdivided, consolidated or reclassified unless contemporaneously therewith the other class of shares shall be subdivided, consolidated or reclassified in the same proportion or in the same manner.

Modification and Amendment

The provisions attaching to the Class A Shares may not be modified or amended by supplementary letters patent or otherwise, nor may the Company create preference shares ranking in priority to or pari passu with the Class A Shares without the prior approval of the holders of at least two-thirds of the outstanding Class A Shares at a meeting of the holders of the Class A Shares duly called for that purpose.

Voting and Other

In all other respects the Class A Shares and Common Shares rank equally, and both classes of shares carry the right to one (1) vote per share at all meetings of shareholders of the Company.

PRINCIPAL AND SELLING SHAREHOLDER

At the date hereof Sydney Charles Cooper, 263 Dunvegan Road, Toronto, Ontario, owns of record or beneficially 94% of the outstanding Class A Shares and of the Common Shares of the Company. The remaining 6% of the Class A Shares and of the Common Shares outstanding at the date hereof are owned of record or beneficially by trusts established by Sydney Charles Cooper for his three children who reside with him at 263 Dunvegan Road, Toronto, Ontario. Mr. Cooper owns and will own of record and beneficially the following shares of the Company:

Designation of Class	Number of Shares Before Issue	Percentage of Shares Before Issue	Number of Shares After Issue	Percentage of Shares After Issue
Class A Shares	470,000	94%	470,000	94%
Common Shares	376,000	94%	151,000	35.5%

The ownership by Sydney Charles Cooper of 470,000 Class A Shares and 151,000 Common Shares will represent 67.1% of the voting shares of the Company after the issue and sale of the Common Shares offered by this prospectus.

OPTIONS TO PURCHASE SECURITIES

The Company has reserved 50,000 Common Shares for issue upon the exercise of stock options granted to officers and full-time employees of the Company and its subsidiaries to purchase such

shares at a price not less than 90% of the fair market value thereof on the day such options are granted. At the date hereof, options are outstanding to senior officers of the Company covering 22,500 Common Shares and to other employees covering 2,500 Common Shares. These options are all exercisable prior to April 9, 1974 at the price of \$9.00 per share, on the basis of one-fifth of the shares covered by each option becoming available for purchase after November 15 in each of the years 1969 to 1973 inclusive. Each of the options provides for its earlier termination in the event that the employment by the Company of any person to whom an option is granted ceases prior to the expiry date of his option. In addition, an option covering 10,000 Common Shares has been granted by the Company to Pitfield, Mackay, Ross & Company Limited and McLeod, Young, Weir & Company Limited as referred to under the heading "Plan of Distribution".

DIVIDENDS

The directors of the Company have stated that it is their intention to declare and pay quarterly dividends on the Common Shares at the annual rate of 50¢ per share as and when earnings and other circumstances warrant. In keeping with this intention, the directors of the Company have declared an initial quarterly dividend for the quarter ended December 31, 1968 of 12.5¢ per outstanding Common Share payable on December 31, 1968 to shareholders of record on December 8, 1968. In addition, the directors of the Company have declared an initial dividend of 1¢ per outstanding Class A share payable on December 31, 1968 to shareholders of record on December 8, 1968.

PLAN OF DISTRIBUTION

Under an agreement dated October 16, 1968 between the Company and Pitfield, Mackay, Ross & Company Limited and McLeod, Young, Weir & Company Limited (the "Underwriters"), on their own behalf as underwriters, the Company agreed to sell and the Underwriters jointly and severally agreed to purchase 25,000 Common Shares of the Company for \$9.40 per share and under a further agreement dated October 16, 1968 between Sydney Charles Cooper and the Underwriters, on their own behalf as underwriters, Sydney Charles Cooper agreed to sell and the Underwriters, jointly and severally agreed to purchase 225,000 Common Shares of the Company for \$9.40 per share, in each case payable in cash against delivery of certificates representing the said Common Shares on or about November 5, 1968 and otherwise upon the terms and conditions set forth in the respective agreements. Both underwriting agreements provide that the obligations of the Underwriters are subject to certain conditions precedent, and that the Underwriters are obligated to take up and pay for all of the Common Shares offered by this prospectus if any of such Common Shares are purchased.

Under the underwriting agreement between the Company and the Underwriters, the Company has granted an option to the Underwriters to purchase 10,000 Common Shares exercisable at any time prior to November 5, 1969 at the price of \$10.00 per share. This option, together with the underwriting discount of 60¢ per share, represents the remuneration payable to the Underwriters for their services as underwriters. Under the underwriting agreement between Sydney Charles Cooper and the Underwriters, Sydney Charles Cooper agreed not to sell or otherwise dispose of any shares of the Company owned by him for a period of 180 days from the date of such agreement without the prior written consent of the Underwriters, and undertook to obtain on or before November 5, 1968 a similar agreement in favour of the Underwriters from the trusts established by him for his three children. Furthermore, under this same underwriting agreement Sydney Charles Cooper agreed that until November 5, 1973 he would, at the written request of the Underwriters, elect one nominee of the Underwriters to the board of directors of the Company.

The 250,000 Common Shares purchased by the Underwriters will be offered to the public in Canada where they may be lawfully offered by the Underwriters and other registered dealers and brokers.

USE OF PROCEEDS

The net proceeds from the sale of the 25,000 Common Shares being issued by the Company, amounting to \$221,000 after deducting the estimated expenses of issue payable by the Company, will

be added to the working capital of the Company. No part of the proceeds from the sale of the 225,000 Common Shares purchased from the selling shareholder will be received by the Company.

MATERIAL CONTRACTS

Particulars regarding every material contract entered into by the Company and its subsidiaries since September 1, 1966, other than in the ordinary course of business, are as follows:

- (i) Agreements dated September 20, 1968 between Sydney Charles Cooper and the Company and between Sydney Charles Cooper, the Company and National Trust Company, Limited, as trustee for the holders of the Common Shares, referred to under the heading "Associated Company".
- (ii) Agreement dated October 16, 1968 between the Company and the Underwriters, referred to under the heading "Plan of Distribution".

Copies of the foregoing agreements may be inspected during ordinary business hours at the head office of the Company, 30 Commercial Road, Toronto, Ontario, during the course of primary distribution to the public of the securities offered hereby and for a period of 30 days thereafter.

REGISTRAR AND TRANSFER AGENTS

National Trust Company, Limited at its offices at 1350 Sherbrooke Street West, Montreal, Quebec, 21 King Street East, Toronto, Ontario, 250 Portage Avenue, Winnipeg, Manitoba, 330 Eighth Avenue S.W., Calgary, Alberta and 150 Burrard Street, Vancouver, British Columbia and the Nova Scotia Trust Company, at its office at 5415 Spring Garden Rd., Halifax, Nova Scotia, will be the registrar and transfer agents for the Common Shares of the Company, and National Trust Company, Limited at its office at 21 King Street East, Toronto, Ontario will be the registrar and transfer agent for the Class A Shares of the Company.

AUDITORS

The auditors of the Company are Messrs. Ernst & Ernst, Chartered Accountants, 7 King Street East, Toronto, Ontario.

LEGAL MATTERS

Legal matters in connection with the creation, issue and sale of the 250,000 Common Shares offered by this prospectus will be passed upon on behalf of the Company and the selling shareholder by Messrs. Osler, Hoskin & Harcourt and on behalf of the Underwriters by Messrs. Tory, Tory, DesLauriers & Binnington, both of Toronto. Allan Leslie Beattie, a director of the Company, is a partner of Messrs. Osler, Hoskin & Harcourt.

LITIGATION

On September 13, 1960, Foley Brothers (Canada) Limited and C. A. Pitts General Contractor Limited as parties in a joint venture in which C. A. Pitts General Contractor Limited has a 40% interest, issued a writ in the Superior Court for the District of Montreal in the Province of Quebec against Stormont General Contractors Limited claiming damages in the amount of \$843,122 for breach of a contract for clearing and grubbing. On September 13, 1960, these joint venture parties issued a writ against Travelers Indemnity Company for liability on a performance bond as surety of Stormont General Contractors Limited. On June 25, 1965, a judgment of the Superior Court for the District of Montreal was rendered by the Honourable Mr. Justice Benjamin Robinson awarding this joint venture a judgment for damages in the amount of \$820,332. From this judgment the Travelers Indemnity Company appealed to the Court of Queen's Bench (in appeal for the Province of Quebec). This Court in a judgment rendered on July 26, 1968, reduced the earlier judgment in favour of the joint venture by \$213,458 to \$606,874. Interest, subject to further appeal, is accruing on this amount of \$606,874 from the date of the writ on September 13, 1960. Since the time has not expired for an appeal to the Supreme Court of Canada, the amount of the judgement has not been recorded in the accounts of the Company or its subsidiary.

**C. A. PITTS ENGINEERING CONSTRUCTION LIMITED AND SUBSIDIARIES
AND
DRAKE CONSTRUCTION CO. LTD.**

Balance Sheets as at June 30, 1968

	Consolidated C. A. Pitts Engineering Construction Limited and Subsidiaries Note 1	Drake Construction Co. Ltd.	Pro Forma Consolidated Note 2
Assets			
CURRENT ASSETS			
Cash.....	\$ 1,714,935	\$ 553,233	\$ 2,449,650
Marketable securities — Note 3.....	532,689	—	532,689
Trade and sundry receivables.....	4,022,351	60,288	4,082,639
Advance to a director.....	260,482	—	—
Inter-company accounts.....	—	102,453	—
Investment in joint ventures—Note 4.....	2,659,395	—	2,659,395
Unbilled contract costs — Note 5.....	219,218	372,932	592,150
Prepaid income taxes — Note 6.....	1,026,386	—	1,026,386
Prepaid expenses and supplies.....	108,648	—	108,648
TOTAL CURRENT ASSETS.....	<u>10,544,104</u>	<u>1,088,906</u>	<u>11,451,557</u>
PROPERTY, PLANT AND EQUIPMENT			
Land (\$3,500), building (\$27,000), and marine and construction equipment—at cost.....	5,166,653	1	5,166,654
Less allowances for depreciation.....	2,255,748	—	2,255,748
	<u>2,910,905</u>	<u>1</u>	<u>2,910,906</u>
EXCESS COST OF SHARES ACQUIRED OVER NET ASSETS OF SUBSIDIARIES.....			
	337,387	—	25,901
	<u>\$13,792,396</u>	<u>\$ 1,088,907</u>	<u>\$14,388,364</u>
Liabilities			
CURRENT LIABILITIES			
Tender deposit.....	\$ 100,000	—	\$ 100,000
Accounts payable and accrued.....	3,216,559	\$ 6,680	3,223,239
Deferred contract revenue — Note 5.....	3,669,223	—	3,669,223
Income taxes — Note 6.....	803,910	—	803,910
Debentures payable — Note 7.....	750,000	—	750,000
Inter-company accounts.....	102,453	—	—
TOTAL CURRENT LIABILITIES.....	<u>8,642,145</u>	<u>6,680</u>	<u>8,546,372</u>
DEFERRED INCOME TAXES — Note 6.....	857,200	—	857,200
SHAREHOLDERS' EQUITY—Note 8			
Capital Stock.....	1,900	472,800	236,900
Earned Surplus.....	4,291,151	609,427	4,747,892
	<u>4,293,051</u>	<u>1,082,227</u>	<u>4,984,792</u>
	<u>\$13,792,396</u>	<u>\$ 1,088,907</u>	<u>\$14,388,364</u>

The notes on pages 17 to 19 inclusive form an integral part of the above Balance Sheets and
should be read in conjunction therewith.

Approved on behalf of the Boards of C. A. Pitts Engineering Construction Limited and Drake
Construction Co., Ltd.:

(Sgd.) S. C. COOPER, Director.

(Sgd.) CORTI BOLAND, Director.

C. A. PITTS ENGINEERING CONSTRUCTION LIMITED AND SUBSIDIARIES

Statements of Consolidated Income and Earned Surplus for the five years and six months ended June 30, 1968 — Note 1

	Statement of Consolidated Income					Period of six months ended June 30, 1967 (unaudited)	Period of six months ended June 30, 1968
	Years Ended December 31,						
	1963	1964	1965	1966	1967		
Gross revenue — Note 5.....	\$17,098,418	\$22,290,142	\$20,468,641	\$31,356,165	\$26,368,467	\$ 8,776,094	\$11,994,024
Operating costs — Note 5.....	15,744,097	20,149,548	17,963,483	28,223,860	22,584,401	6,673,167	9,788,514
	<u>1,354,321</u>	<u>2,140,594</u>	<u>2,505,158</u>	<u>3,132,305</u>	<u>3,784,066</u>	<u>2,102,927</u>	<u>2,205,510</u>
Expenses:							
Depreciation.....	339,280	429,918	465,658	595,273	643,065	330,560	335,509
Selling, general and administrative.....	589,806	578,822	700,701	807,596	981,732	506,171	392,253
	<u>425,235</u>	<u>1,131,854</u>	<u>1,338,799</u>	<u>1,729,436</u>	<u>2,159,269</u>	<u>1,266,196</u>	<u>1,477,748</u>
Other income:							
Interest.....	58,806	(62,290)	(13,966)	38,530	74,519	55,131	46,155
Profit (loss) on sale of equipment.....	—	21,233	159,562	137,595	18,069	9,033	(18,657)
Miscellaneous.....	5,541	9,877	10,949	14,850	1,751	1,728	5,747
	<u>489,582</u>	<u>1,100,674</u>	<u>1,495,344</u>	<u>1,920,411</u>	<u>2,253,608</u>	<u>1,332,088</u>	<u>1,510,993</u>
Income before Income Taxes.....							
Income taxes — Note 6.....	235,000	573,440	776,695	987,300	1,257,500	692,100	787,000
NET INCOME.....	<u>\$ 254,582</u>	<u>\$ 527,234</u>	<u>\$ 718,649</u>	<u>\$ 933,111</u>	<u>\$ 996,108</u>	<u>\$ 639,988</u>	<u>\$ 723,993</u>
Statement of Consolidated Earned Surplus							
Surplus at beginning of period.....	\$ —	\$ 687,927	\$ 1,215,161	\$ 1,933,810	\$ 2,602,780	\$ 2,602,780	\$ 3,598,888
Net Income.....	254,582	527,234	718,649	933,111	996,108	639,988	723,993
Profit on disposal of plant and equipment to an affiliate —net of income taxes.....	433,345	—	—	—	—	—	—
Loss on disposal of investment in a subsidiary.....	—	—	—	(264,141)	—	—	—
Incorporation and patent expenses written off.....	—	—	—	—	—	—	(31,730)
SURPLUS AT END OF PERIOD.....	<u>\$ 687,927</u>	<u>\$ 1,215,161</u>	<u>\$ 1,933,810</u>	<u>\$ 2,602,780</u>	<u>\$ 3,598,888</u>	<u>\$ 3,242,768</u>	<u>\$ 4,291,151</u>

The notes on pages 17 to 19 inclusive form an integral part of the above Statements of Consolidated Income and Earned Surplus and should be read in conjunction therewith.

C. A. PITTS ENGINEERING CONSTRUCTION LIMITED AND SUBSIDIARIES
AND
DRAKE CONSTRUCTION CO. LTD.

Pro forma Statement of Consolidated Income
for the five years and six months ended June 30, 1968—Note 2

	Years ended December 31			Period of six months ended June 30, 1967 (unaudited)	Period of six months ended June 30, 1968
	1963	1964	1965	1966	1967
Gross revenue — Note 5.....	\$17,098,418	\$22,290,142	\$20,468,641	\$33,134,823	\$28,706,532
Operating costs — Note 5.....	15,744,097	20,149,548	17,963,483	29,514,295	24,459,702
	<u>1,354,321</u>	<u>2,140,594</u>	<u>2,505,158</u>	<u>3,620,528</u>	<u>4,246,830</u>
Expenses:					
Depreciation.....	339,280	429,918	465,658	595,273	643,065
Selling, general and administrative.....	589,806	578,822	700,701	863,617	1,030,460
	<u>425,235</u>	<u>1,131,854</u>	<u>1,338,799</u>	<u>2,161,638</u>	<u>2,573,305</u>
Other income:					
Interest.....	58,806	(62,290)	(13,966)	40,861	95,306
Profit (loss) on sale of equipment.....	—	21,233	159,562	137,595	18,069
Miscellaneous.....	5,541	9,877	10,949	15,199	1,759
	<u>489,582</u>	<u>1,100,674</u>	<u>1,495,344</u>	<u>2,355,293</u>	<u>2,688,439</u>
Income before income taxes.....	235,000	573,440	776,695	1,212,300	1,482,500
Income taxes — Notes 2 and 6.....					
	<u>\$ 254,582</u>	<u>\$ 527,234</u>	<u>\$ 718,649</u>	<u>\$ 1,142,993</u>	<u>\$ 1,205,939</u>
NET INCOME — Note 2.....					
	<u>\$.28</u>	<u>\$.57</u>	<u>\$.78</u>	<u>\$ 1.24</u>	<u>\$ 1.30</u>
Earnings per share based on 925,000 Class A and Common Shares outstanding.....					
	<u>\$.84</u>	<u>\$.80</u>	<u>\$.80</u>	<u>\$.80</u>	<u>\$.84</u>

The notes on pages 17 to 19 inclusive form an integral part of the above Pro Forma Statement of Consolidated Income and should be read in conjunction therewith.

NOTES TO FINANCIAL STATEMENTS

Note 1—Principles of Consolidation

The consolidated financial statements comprise the accounts of the Company and its wholly-owned subsidiaries, C. A. Pitts General Contractor Limited, C. A. Pitts Construction (Ontario) Limited, Pitts Quebec Limited, Harco Construction Limited, and Construction Improvements Limited. Inter-company accounts and transactions have been eliminated.

The statement of consolidated income and earned surplus includes the accounts of Surfrank Industries Limited for the years 1963, 1964 and 1965. As of December 31, 1965 Surfrank Industries Limited was amalgamated with Perlea Industrial Corporation Limited (then the parent company of the Pitts group) to form C. A. Pitts Engineering Construction Limited. Prior to that date Surfrank Industries Limited had been an associate of the group.

Note 2—Pro Forma Consolidated Financial Statements

Under an agreement dated June 30, 1966, S. C. Cooper, the beneficial owner of 94% of the shares of C. A. Pitts Engineering Construction Limited, acquired 22,390 preferred shares and 125 common shares of Drake Construction Co. Ltd. (being 50% of the issued shares of each class) and obtained an option, exercisable until January 2, 1969, on the balance of the outstanding preferred and common shares. The price of the shares purchased and under option is in part dependant on operating results and other considerations, but the maximum amount payable for all the preferred and common shares approximates \$300,000. On September 20, 1968 S. C. Cooper sold the shares of Drake Construction Co. Ltd. held by him to C. A. Pitts Engineering Construction Limited at his cost and assigned his option to the Company, which in turn agreed to exercise the option.

The pro forma consolidated balance sheet sets out the consolidated financial position of the Company and its subsidiaries and Drake Construction Co. Ltd. after giving effect to the following pro forma adjustments:

- (a) the acquisition of all the shares of Drake Construction Co. Ltd. under the agreement described above for the estimated maximum consideration of \$300,000 and the elimination of inter-company accounts of \$102,453 and other inter-company transactions. Earnings of Drake Construction Co. Ltd. since July 1, 1966, amounting to \$470,741, have been included in consolidated earned surplus.
- (b) The subdivision and reclassification of the common shares of C. A. Pitts Engineering Construction Limited as described in Note 8 and the sale of 25,000 Common Shares by the Company at a price of \$9.40 per share for an aggregate consideration of \$235,000, less estimated expenses of issue of \$14,000 charged to consolidated earned surplus.
- (c) The repayment by a director of his advance of \$260,482.

The pro forma statement of consolidated income presents the operations of C. A. Pitts Engineering Construction Limited and subsidiaries for the period from January 1, 1963 to June 30, 1968, and of Drake Construction Co. Ltd. from July 1, 1966 to June 30, 1968. Income taxes at current rates amounting to \$225,000 in 1966, \$225,000 in 1967 and \$57,000 in the six months period ended June 30, 1968, have been provided on the incomes of Drake Construction Co. Ltd. although losses prior to 1966 will eliminate payment of such taxes.

Note 3—Marketable Securities

<u>Description</u>	<u>Cost</u>	<u>Approximate Market June 30, 1968</u>
62,835 Common shares of Standard Paving Limited	\$475,685	\$486,971
\$57,000 7½% Convertible Debentures Series A due February 15, 1983 of Peace River Mining & Smelting Ltd.	57,004	54,150
	<u>\$532,689</u>	<u>\$541,121</u>

Note 4—Investment in Joint Ventures

Investment in joint ventures is stated as the amount of outstanding advances adjusted by the Company's share of the undistributed earnings or of losses of the joint ventures.

Note 5—Basis of Accounting for Income from Contracts

Income on lump sum and unit price construction contracts is recognized on a percentage of completion basis, such percentage being determined by relating billing to date on work performed to date to the current estimate of total contract revenue. Full provision is made for estimated losses. Unbilled contract costs represent the excess of contract revenue recognised to date on the percentage of completion basis over billings to date. Deferred contract revenue represents the excess of billings to date over the amount of revenue recognized to date on the percentage of completion basis.

Note 6—Income Taxes

Income taxes have been provided on the basis of income shown on the financial statements of the companies. Income tax returns are filed on a basis in which (a) income from contracts as described in Note 4 is adjusted by net holdbacks and by the difference between costs actually incurred and those applied as described in the aforesaid note, and (b) capital cost allowance is claimed in amounts which vary from depreciation charged in the accounts.

Since income taxes have been provided individually for the companies consolidated, the basis of providing taxes on income from contracts has created both prepaid and liability positions, shown in current sections of the consolidated balance sheet. Deferred income taxes represent the aggregate tax savings from capital cost allowances claimed in excess of depreciation recorded. Income taxes have been reviewed and assessed by appropriate taxing authorities up to December 31, 1964.

Note 7—Debenture Payable

Non-interest bearing Debenture maturing \$350,000 on December 1, 1968 and \$400,000 on March 15, 1969, secured by first fixed and specific charge on the construction equipment of the Company and its subsidiaries and a floating charge on the undertakings and the remaining property and assets of the Company and its subsidiaries.

Note 8—Shareholders' Equity

C. A. Pitts Engineering Construction Limited:

By supplementary letters patent issued on October 7, 1968, 598,100 unissued common shares without par value were subdivided into 1,350,000 Common Shares without par value, and the 1,900 issued and outstanding common shares were subdivided and reclassified into 500,000 Class A Shares without par value and 400,000 Common Shares without par value. The following table sets out the actual position of the shareholders' equity and the pro forma position after this transaction and the sale of shares described in Note 2:

	<u>Actual</u>	<u>Pro Forma</u>
Capital stock:		
Actual:		
Authorized—600,000 common shares without par value		
Issued—1,900 shares.....	\$ 1,900	
Pro forma:		
Authorized—500,000 Class A Shares without par value		
—1,750,000 Common Shares without par value		
Issued—500,000 Class A Shares.....		\$ 1,055
—425,000 Common Shares.....		235,845
Consolidated earned surplus.....	4,291,151	4,747,892
	<u>\$4,293,051</u>	<u>\$4,984,792</u>

Reference is also made to the heading "Options to Purchase Securities" on page 11.

Drake Construction Co. Ltd:

Capital stock:

Authorized—45,000 redeemable preferred shares, par value \$10
—1,250 common shares, par value \$100

Issued—44,780 preferred shares.....	\$	447,800
—250 common shares.....		25,000
Earned surplus.....		609,427
		<u>\$1,082,227</u>

Note 9—Commitment

Land and buildings are occupied under a 15 year lease dated November 20, 1964 at an annual rental of \$65,250 with options to purchase.

Note 10—Litigation

A joint venture in which a subsidiary holds a 40% interest brought successful action against a sub-contractor for non-performance, and under the terms of the judgement was awarded damages. Subsequent action was brought against the insurance company which bonded the sub-contractor which action was also successful. Both defendants appealed, but the Court of Appeal of the Province of Quebec confirmed damages in the amount of \$606,874 excluding interest. Since appeal to the Supreme Court of Canada is still open, no part of this award has been recorded in the accounts of the subsidiary.

AUDITORS' REPORT

To the Directors,
C. A. Pitts Engineering Construction Limited.

We have examined the consolidated balance sheet of C.A. Pitts Engineering Construction Limited and subsidiaries, the balance sheet of Drake Construction Co. Ltd., the pro forma consolidated balance sheet all as at June 30, 1968 and the statements of consolidated income and earned surplus and pro forma consolidated income for the period of five years and six months ended on that date, as explained in Notes 1 and 2 of Notes to Financial Statements. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion,

- (a) the accompanying balance sheets present fairly the financial positions of C.A. Pitts Engineering Construction Limited and subsidiaries and Drake Construction Co. Ltd. at June 30, 1968,
- (b) the accompanying statement of income and earned surplus presents fairly the consolidated results of operations of C.A. Pitts Engineering Construction Limited and subsidiaries for the period of five years and six months ended June 30, 1968, and
- (c) the accompanying pro forma consolidated balance sheet and pro forma statement of consolidated income, after giving effect to the transactions described in Note 2 hereto, present fairly the financial position of C. A. Pitts Engineering Construction Limited and subsidiaries and Drake Construction Co. Ltd. at June 30, 1968 and the results of their operations for the period of five years and six months ended at that date,

all in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Ontario, October 16, 1968.

(Sgd.) ERNST & ERNST,
Chartered Accountants.

CERTIFICATES

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

Dated: October 16, 1968.

Chief Executive Officer

(Sgd.) S. C. COOPER,
President.

Chief Financial Officer

(Sgd.) J. D. JARRELL,
Treasurer.

On behalf of the Board of Directors

(Sgd.) A. L. BEATTIE,
Director.

(Sgd.) CORTI BOLAND,
Director.

Directors

(Sgd.) S. C. COOPER

(Sgd.) W. C. COLE

(Sgd.) J. D. JARRELL

(Sgd.) W. M. BATEMAN
by his attorney A. L. BEATTIE

(Sgd.) CORTI BOLAND

(Sgd.) J. G. PICKARD
by his attorney A. L. BEATTIE

(Sgd.) A. L. BEATTIE

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

Pitfield, Mackay, Ross & Company Limited

Per (Sgd.) T. H. BAKER, Director.

McLeod, Young, Weir & Company Limited

Per (Sgd.) A. S. BROOKE, Director.

The following includes the names of every person having an interest, either directly or indirectly, to the extent of not less than 5%, in the capital of:

Pitfield, Mackay, Ross & Company Limited: W. C. Pitfield, H. H. Mackay, D. L. Torrey, R. L. Hunter, W. Y. Soper, K. M. Sedgewick, J. M. Arbour, A. F. MacAllaster and D. C. Mackay; and

McLeod, Young, Weir & Company Limited: J. S. Dinnick, G. C. MacDonald, F. O. Evans, C. P. Keeley, R. W. Wadds, J. R. Hilborn and R. J. G. Reiner. .



C. A. PITTS ENGINEERING CONSTRUCTION LIMITED

250,000 Common Shares
without par value

PROSPECTUS

Dated October 16, 1968

Michael, Young, Wain & Coopers
Limited

Per Robert H. Barker, Director

14. TRANSFER AGENT AND REGISTRAR

National Trust Company, Limited at its principal office in Toronto is the Transfer Agent and Registrar and at its principal offices at Montreal, Winnipeg, Calgary and Vancouver is a Branch Transfer Agent and Registrar for the Common Shares of the Company. The Nova Scotia Trust Company at its principal office at Halifax is a Branch Transfer Agent and Registrar for the Common Shares of the Company.

15. TRANSFER FEE

No fee is charged on the transfer of Common Shares of the Company, other than customary governmental stock transfer tax.

16. AUDITORS

The auditors of the Company are: Ernst & Ernst, 7 King Street East, Toronto 1, Ontario.

17. OFFICERS AND DIRECTORS

The names, home addresses, positions held with the Company and principal occupations of the directors and officers of the Company and any changes in those occupations within the last five years are set forth on Page 9 of the Prospectus.

18. CERTIFICATE

Pursuant to a resolution duly passed by the Board of Directors, the applicant Company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

C. A. PITTS ENGINEERING CONSTRUCTION LIMITED



“CORTI BOLAND”,
Vice-President and Secretary
“J. D. JARRELL”,
Treasurer

19. CERTIFICATE OF UNDERWRITERS

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

PITFIELD, MacKAY, ROSS & COMPANY LIMITED

“K. A. WRIGHT”
“D. C. MacKAY”

CERTIFICATE OF UNDERWRITERS

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

McLEOD, YOUNG, WEIR & COMPANY LIMITED

“C P. KEELEY”
“L. E. BARLOW”

DISTRIBUTION OF COMMON, WITHOUT PAR VALUE STOCK AS OF NOVEMBER 11, 1968

Number					Shares
124	Holders of	1 —	24 share lots	.....	1,700
550	”	25 —	99 ”	.....	20,980
195	”	100 —	199 ”	.....	20,870
57	”	200 —	299 ”	.....	11,450
34	”	300 —	399 ”	.....	10,325
7	”	400 —	499 ”	.....	2,860
20	”	500 —	999 ”	.....	11,250
25	”	1000 —	up ”	.....	345,565
1,012	Shareholders			Total shares	425,000

LIST OF SUBSIDIARY OR CONTROLLED COMPANIES

Name and Particulars of Incorporation	Authorized Capital	Amount Of Capital Owned By:			Date of Acquisition
		Issued Capital	The Company	C. A. Pitts General Contractor Limited	
C. A. Pitts General Contractor Limited — Incorporated under the Laws of Canada by Letters Patent dated April 1, 1942, Supplementary Letters Patent dated March 24, 1951.	2,500 Common Shares of the par value of \$100 and 500 6% Cumulative Preferred Shares	500 Common Shares	500 Common Shares		June 29, 1966
C. A. Pitts Construction (Ontario) Limited — Incorporated under the Laws of Ontario by Letters Patent dated January 12, 1962, Supplementary Letters Patent dated November 29, 1963, Supplementary Letters Patent dated May 4, 1964.	450,000 Non-Voting Preference Shares with a par value of \$10 each and 500,000 Common Shares without par value	1,000 Common Shares	1,000 Common Shares		June 17, 1966
Pitts Quebec Limited — Incorporated under the Laws of Quebec by Letters Patent dated March 13, 1950, Supplementary Letters Patent dated February 2, 1965.	2,000 6% Cumulative Redeemable Preferred Shares with a par value of \$100 each and 1,000 Common Shares without par value	5,003 Common Shares and 1,050 Preferred Shares		5,003 Common Shares and 1,050 Preferred Shares	April 4, 1966
Construction Improvements Limited — Incorporated under the laws of Canada by Letters Patent dated November 15, 1946.	2,500 6% Non - Cumulative Preferred Shares of a par value of \$100 each and 25,000 Common Shares of the par value of \$10 each	25,000 Common Shares and 2,500 Preferred Shares		25,000 Common Shares and 2,500 Preferred Shares	April 4, 1966
Harco Construction Limited — Incorporated under the Laws of Ontario by Letters Patent dated April 1, 1949.	100,000 5% Cumulative Redeemable Preference Shares with a par value of \$100 each and 100,000 Common Shares without par value	100,000 Common Shares and 1,000 Preference Shares		100,000 Common Shares and 1,000 Preferred Shares	April 4, 1966
Drake Construction Co., Ltd.* — Incorporated under the Laws of Canada by Letters Patent dated January 4, 1955, Supplementary Letters Patent dated December 30, 1958, Supplementary Letters Patent dated February 19, 1959, Supplementary Letters Patent dated June 29, 1966.	45,000 Redeemable Preferred Shares of the par value of \$10 each and 1,250 Common Shares of the par value of \$100 each	44,780 Redeemable Preferred Shares and 250 Common Shares	22,390 Redeemable Preferred Shares and 125 Common Shares (with an option to purchase the remainder*)		September 20, 1968

* Described on Page 8 of the Prospectus under the heading of "Associated Company".